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1 March 1973

MEMORANDUM FOR: Assistant Deputy Director for Intelligence

SUBJECT : IG Survey of OER

1. We find little in the IG Survey of OER with which we would take exception. The Survey is well written, and well thought out and shows a clear understanding of how OER operates. We are especially pleased that the authors grasped so well the diversity of our customers and tasks and the implications of this diversity for the way the Office must do business.

2. The Survey makes two formal recommendations and in addition informally suggests some actions by this Office. The formal recommendations are briefly:

(1) to keep analysts working on low priority areas fully employed by assigning them research projects outside their area of normal responsibility.

(2) to try to determine how effectively OER production satisfies customer needs by eliciting reactions from selected customers on selected papers.

The informal IG suggestions are that OER look into the working space problem, and that we develop a more uniform standard for review and editing of OER reports. The following comments are addressed to each of these four proposals.

Recommendation No. 1

"That the Director, Office of Economic Research give further study to the policy of assignment of analysts to less active accounts, not only in terms of the numbers so assigned but in the assignment of research projects outside the area of their primary responsibility, in order to keep them gainfully employed."

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3. We feel that this recommendation has much merit and have in fact tried to implement it wherever we could. We are aware that analysts working on low priority areas (such as [redacted])

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[redacted] find it difficult to get IMs accepted because of the lack of US policy interest. Most OER analysts on these areas do not have as substantial a current intelligence outlet as do their counterparts in OCI. Much of their time is spent drafting NIS chapters and preparing brief typescript memoranda or answering questions orally for relatively low-level customers in the State Department, Defense Department, and DDP. Beyond this there are considerable opportunities for self-initiated research that is useful to policymakers, but this requires greater than average competence and initiative, and the best analysts generally are assigned to the high priority areas.

4. We have given the [redacted] analysts some responsibilities of other types as proposed in the IG Survey. In the case of [redacted] we intend to reduce analyst strength by 2 positions, which should leave those remaining with plenty to do, including some priority topics such as [redacted]

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[redacted] Depending on other requirements and capabilities we are prepared to use the Branch to study international commodity markets and broad questions of economic development. In general the pressure on OER for policy support is such that we do not expect there will be much slack in any of our branches.

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Recommendation No. 2

"That the Director, Office of Economic Research, develop a trial program for eliciting reactions and evaluations of selected consumers of selected papers, in order to determine the degree to which they are satisfied with present approaches to preparation of reports, as a basis for modifying present practice if so indicated."

5. The IG Survey recognizes that it is extremely difficult to elicit honest and informative responses from customers. Most customers will not give a negative response for fear that the tap will be turned off. The Office does make a major effort to find out what customers' needs are and

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tries to plan the content and timing to production to satisfy these needs. The Office has developed a rather elaborate network of customer contacts which, however, is informal and not very orderly, reflecting in part the past chaotic state of US foreign economic policymaking. The increasing centralization of foreign economic policy under Secretary Shultz should facilitate development of a more orderly system of customer contacts. This system in turn could be used to obtain feed-back on OER studies as well as to aid in planning the studies themselves.

6. A list is being prepared of key OER personnel who will be designated as principal contact points with particular policy level customers. These key personnel will stay abreast of US policy problems, receive requirements for policy support, and elicit reactions to and evaluations of OER papers.

Working Conditions

7. The IG Survey notes that analysts' working conditions are extremely crowded and that effective work space is ridiculously small, implies that the Office ought to look into this problem, but doubts much can be done. We are very much aware of the problem. At a recent conference of OER analysts [] complaints about physical working conditions were universal and forceful. We are forming a Physical Environment Committee, which will study the situation and make recommendations for improvement. In the meantime I am preparing a memorandum for the Director of Logistics informing him of the seriousness of the problem, and of some recommendations that analysts have already made. Although there are many reasons there is no real excuse for not making the rooms cleaner, quieter, and generally more pleasant to be in. I realize the space problem is more basic, and an increase in space would give a major boost to morale.

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A Basic Review Standard

8. I do not agree with the other informal suggestion of the IG Survey -- to develop a basic review standard for OER. Apparently a good many analysts who were interviewed in the Survey feel that a dual standard exists in OER, with priority projects receiving a relatively quick review while low priority projects get bogged down. I do not believe we have a dual standard.

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Although a few projects with an unusually short deadline sometimes do leave out one or two steps of the review process, the first drafts of these projects are usually prepared by senior analysts whose work needs relatively little re-drafting. I also do not believe that the review problem is one of editing; deficiencies in research or analysis are the normal cause of multiple drafts. Papers with a fundamentally sound research base and structure usually can be edited in a few hours.

9. There is no doubt, however, that unnecessary review has occurred as a result of inadequate communication between the analyst and the line of command. The focus and approach of papers has sometimes been changed during Division, or even Office review. Since the papers have already undergone review and editing at lower levels, considerable waste and delay is involved. I have for a long time devoted much effort to coping with this difficult problem. The OER reorganization of last year, which eliminated the Area level, was largely designed to improve communication between the Office and the Divisions and to reduce unnecessary review. A new system of quarterly and monthly planning of OER production, introduced last fall, is designed to make certain that everyone understands the purpose of each project at the time it is initiated, as well as to maintain better front office control over production. Within the framework of this planning system I have requested analysts to let the line of command know when they see their research project taking an unexpected turn. These changes have already greatly reduced the number of projects that have to be substantially redone at a late stage of review.

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